

<div>Michigan Department of Community Health</div> <div>Outpatient Prospective Payment System (OPPS) Project Decisions Documentation</div>	<b>TITLE / ISSUE :</b>	
	Outlier Policy - PROPOSED	
	<b>POINT PERSON</b>	DATE INITIATED/REVISED
	Steven Ireland	2/6/06
<b>Issue Description:</b>		
<p>Will the State of Michigan apply outliers in the same manner as Medicare's outpatient prospective payment system (OPPS)?</p> <p>If the answer to the prior question is no, will the State Of Michigan apply a modified outlier policy?</p> <p>If the answer to the prior question is yes, what will that policy be?</p>		
<b>Research and Discussions Summary</b>		
<p>Currently, the State does not pay a traditional outlier for outpatient services. There are provisions in place for individual consideration for supplemental payments. The State does pay outliers for inpatient services.</p> <p>The Medicare outlier policy targets a specific percentage of total payments to reimburse high cost services that exist substantially out of the normal cost distribution. The current target is no more than 3% of the total payments.</p> <p>Preliminary estimated impacts of implementing an outlier policy similar to Medicare indicate the level of total payments applicable to outliers of around 5%.</p>		
<b>Conclusion</b>		
<p>Apply Medicare's outlier policy.</p>		
<b>Action Required (systems, publications, etc.)</b>		
<p>Include in OPPS policy bulletin.</p> <p>Document fully the financial impact.</p>		